

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE
CONTRACT 123 (MC2020-9)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2020-8

**USPS NOTICE OF AMENDMENT TO
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE CONTRACT 123,
FILED UNDER SEAL
(August 26, 2020)**

The Postal Service hereby provides notice that the terms of Priority Mail & First-Class Package Service Contract 123, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail & First-Class Package Service Contract 123 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective three business days following the day that the Commission completes its review of this filing.

This amendment will not materially affect the cost coverage of Priority Mail & First-Class Package Service Contract 123. Therefore, the supporting financial documentation and financial certification initially filed in this docket remain applicable. The Postal Service hereby incorporates by reference the Application for Non-Public Treatment originally filed in this docket, for the protection of the customer-identifying information that has been filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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August 26, 2020

ATTACHMENT A
REDACTED AMENDMENT TO
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE CONTRACT 123

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL SERVICE
AND
FIRST-CLASS PACKAGE SERVICE

WHEREAS, the United States Postal Service (the “Postal Service”) and [REDACTED] (“Customer”) entered into a Shipping Services Contract, Priority Mail and First-Class Package Service Contract 123/Docket No. CP2020-8, regarding Priority Mail and First-Class Package Service on October 1, 2019.

WHEREAS, the Parties desire to amend the terms in Sections I.B, I.C, I.D, I.F3, V, and to replace Table A of the Contract.


NOW, THEREFORE, the Parties agree that the Contract is hereby amended as detailed below. The existing Contract remains unchanged in all other respects. This Amendment shall become effective three (3) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B, I.C, I.D, I.F3, Section V, and Table A, as follows.]

I. Terms

B. This Contract applies to Customer’s inbound and outbound packages (collectively “Contract Packages”), excluding packages originating from and/or addressed to ZIP Codes in Table A below, as follows:

1. Priority Mail weight-based packages that do not exceed [REDACTED]
[REDACTED];
2. Priority Mail cubic packages that do not exceed [REDACTED]
[REDACTED]; and
3. First-Class Package Service – Commercial packages that do not exceed [REDACTED]
[REDACTED].



C. Postal Service shall assign a unique mailer identification number (MID) to Customer for use and designation on Contract Packages. All outbound Contract Packages must originate outside the United States. Labels containing the assigned MID, and other pertinent information shall be affixed to these Contract Packages before entering the United States. Contract Package discounts under this Contract shall only be available for Contract Packages bearing the MID assigned by the Postal Service for purposes of this Contract.

D. Preparation, Payment and Contract Pricing Eligibility

1. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number to ship such packages, and will use the Electronic Verification System (“eVS”), successor eVS system or other approved payment method directly with the Postal Service (without intermediaries or Third Party Payment vendors).
2. For avoidance of doubt, Customer’s packages shipped using a different pay method are not covered by this Contract and will not receive Contract Prices in this Contract. The parties have mutually agreed to specific shipping locations from where Contract Packages must originate, along with the associated Customer Registration ID, Mailer ID and Payment Method information required for each shipping location, provided that dropshipping, as may be approved by the Postal Service, may originate from other locations.
3. Contract pricing for any newly approved payment methods will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer.
4. Only Priority Mail Contract Packages, plus Customer’s other Priority Mail packages (“Total PM Packages”), and First-Class Package Service – Commercial Contract Packages, plus Customer’s other First-Class Package Service packages (“Total FCPS Packages”), shipped from authorized permits shall count toward the volume commitments expressed in Sections I.F.2 and I.F.3.
5. Customer shall manifest and present at least [REDACTED] of their Total PM Packages and Total FCPS Packages to the Postal Service before [REDACTED]. This requirement shall be evaluated at the conclusion of each Contract Quarter, and if it is determined that Customer did not meet this requirement in the most recent Contract Quarter, the Postal Service reserves its right to reduce or eliminate Customer’s Contract Package discounts for the subsequent Contract Quarter.

F. [Unchanged.].

1. [Unchanged.]
2. [Unchanged.]
3. Tier threshold (Total FCPS Packages). As outlined in Table D, the following quarterly average volumes for Total FCPS Packages must be met in order to achieve the applicable First-Class Package Service Contract Package discounts in Section I.I and Tables 6 through 10 below. If the quarterly average of Total First-Class Package Service Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service in its sole discretion has the right to revert Customer to the most current First-Class Package Service - Commercial prices for the subsequent Contract Quarter.

G. Price Calculation.

1. From the effective date of this Amendment through September 30, 2020, Customer will receive Tier 2 discounts for Priority Mail Contract Package and Tier 5 discounts for First-Class Package Service Contract Packages, pursuant to Tables 2 and 10 below. Beginning October 1, 2020, subsequent tier pricing will be determined by the quarterly average of Total Priority Mail Packages and Total First-Class Package Service Packages shipped during the term of this Contract provided that shipping history prior to July 1, 2020 is excluded from the quarterly average calculation. Notwithstanding, the Postal Service may provide Customer with access to a higher tier than the tier earned per the calculation in this section and Section I.G.2 below at its sole discretion.
2. Contract Package discounts for this Contract will be based on a rolling four (4) quarter average. Effective October 1, 2020, the average will be based on the number of Total Priority Mail Contract Packages and the number of Total First-Class Package Service Contract Packages shipped divided by the number of full Contract Quarters achieved. For example, the quarterly average of Total Packages shipped for the period July 1, 2020 through September 30, 2020, will determine the tier pricing as of October 1, 2020. At the conclusion of the first four (4) full Contract Quarters, pricing for subsequent quarters will be calculated by the number of Total Priority Mail Contract Packages and the number of Total First-Class Package Service Contract Packages shipped in the previous four (4) Contract Quarters divided by four (4). The Postal Service will calculate the number of Total Priority Mail Contract Packages and the number of Total First-Class Package Service Contract Packages shipped and the number of applicable Contract Quarters to calculate and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of that Contract Quarter. Tables D and E below illustrates the method in determining tier level and corresponding prices.

V. Appeals

Customer may appeal a Postal Service decision regarding the calculation of prices, the amount of postage paid, or other implementation or operational issues under this Contract by submitting a written appeal via email, along with any and all supporting documentation, within thirty (30) calendar days of receipt of notification of the determination giving rise to the appeal to: [REDACTED]. The appeal is forwarded to the Pricing and Classification Service Center (PCSC). The PCSC manager issues the final agency decision. Any decision that is not appealed as prescribed becomes the final agency decision.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: DocuSigned by:
Timothy Costello
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Printed Name: Timothy R. Costello

Title: Vice President Sales

8/24/2020

Date: _____